



Immigration, Refugees
and Citizenship Canada

Immigration, Réfugiés
et Citoyenneté Canada

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F-01121580

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MEMORANDUM TO THE DEPUTY MINISTER AND THE ASSOCIATE DEPUTY MINISTER

BRIEFING NOTE ON TRANSFORMATION, DIGITAL SOLUTIONS SECTOR (TDSS)
FINANCIAL COMMITMENTS

FOR APPROVAL

Issue: Based on current levels of commitments in the financial system, and those yet to be added, there appears to be limited financial flexibility in TDSS given current funding levels.

SUMMARY

- As part of the sector's financial management responsibilities, a review was undertaken to assess the Transformation and Digital Solutions Sector's (TDSS) financial commitments for 2020/21.
- Based on information in the financial system, it appears that there is limited financial flexibility in TDSS currently given that there is likely additional non-discretionary work that has yet to be entered in the system.
- A degree of financial flexibility may exist if some commitments could be moved to Investments, PPT or Capital.
- As part of the next steps, branches will need to complete a review of the commitments in the system and (if applicable) identify and move the commitments that should be coded to Investments, PPT and Capital.
- In addition, the forecast in preparation for FSR P3 should be accurate to ensure a clear understanding of the Sector's pressures and year end forecast. Following this, the department will have a better sense of the year end surplus, and it is possible that requests to the corporate reserve may be less restricted.

BACKGROUND:

- As part of the sector's financial management responsibilities, a review was undertaken to assess the Transformation and Digital Solutions Sector's (TDSS) financial commitments for 2020/21.
- The purpose of this exercise was to highlight any potential areas within the branches that were, or could be, financially over-committed, identify funding issues and also compare results against previous year's expenditures.
- Digital Strategy Branch worked in collaboration with the Financial Partnership Branch (Finance Sector) to analyze information from the financial system based on data that was available up to and including May 25, 2020

CURRENT STATUS:

- There is a total of approximately **\$88M in Non-Salary TDSS Commitments** set up for 2020/21 as at May 25th across all funds.
- Of this amount, there is a total of **\$33M in Regular Appropriation** Non-Salary commitments **versus a budget of \$41M** (see table below).
 - Important to note that this represents data from the financial system at a point in time and does not represent all commitments.

Branch	Commitments	Budget
IT Operations	22,485,332	29,492,352
Digital Strategy	3,410,404	3,560,727
Transformation	4,839,503	5,416,750
Projects	2,398,299	2,674,240
ADMO	1,187	96,431
ADM Reserve		150,280
Total	33,134,726	41,390,780

- Over 85% of commitments (\$27M) in regular appropriation is related to Contractors (Consultants). Last year TDSS spent over \$64M with consultants (all sources of funds) of which \$28M was coded to regular appropriation.
make up approximately half of the Contractor commitments.
- IT Operations is the biggest user of Contractors at 62% of the total. Transformation Branch account for 17% of the total

- Other categories of commitments that are significant include Software/Licenses/IT Equipment (\$3.5M – IT Operations). There is no approved additional funding to pay for the increased IT equipment. At this time, IT Operations is advised to risk manage and include in the Sector's FSR P3 for discussion.
- The Sector's A-Base budget for non-salary is limited and, as per previous year's expenditures, there is no history of large surpluses in regular appropriation. Surpluses are mainly in Investments, PPT and Capital.
- Based on information in the financial system, it appears that there is limited financial flexibility in TDSS when considering any additional non-discretionary work that has yet to be entered in the system (e.g. SSC commitments amounting to approximately \$10M). However, flexibility may exist if some commitments could be moved to Investments, PPT or Capital.
- Workforce Affordability (Salary – Appropriations) for the sector in 2020/21 is currently forecast to be 4% over budget (\$41.75M forecast vs \$39.35M budget), which is within the department's recommended level (less than 7%) for P1. Work continues to monitor the workforce affordability risk and the number of vacant positions in each branch and an analysis is currently being undertaken. This includes converting salary to non-salary to increase the flexibility in non-salary budgets.
- For FY2020-21, TDSS is expected to receive an influx of resources for specific initiatives (e.g. through Treasury Board Submissions).
- Currently, there is no central fund to pay for Covid-19 expenditures. The \$5M (Innovation) recently allocated from the Corporate Reserve is considered a project and expenditures will have to be related to the scope of the initiative.

NEXT STEPS:

- Branches will need to complete a review of the commitments in the system and (if applicable) identify and move the commitments that should be coded to Investments, PPT and Capital.
- Branches should review the commitments related to consultants and confirm the forecast considering Covid-19 situation.
- Branches should review and update the salary forecast and planned staffing, taking into account the restrictions and change in work environment related to Covid-19.
- Ensure the forecast in preparation for FSR P3 is accurate so there is a clear understanding of the Sector's pressures and year end forecast.

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- After FSR P3, the department will have a better sense of the year end surplus, and it is possible that requests to the corporate reserve may be less restricted

E-Approved
Hughes St. Pierre
Chief Financial Officer and Comptrollership

E-Approved
Zaina Sovani
ADM, TDSS

☐ I concur.

☐ I concur

☐ I do not concur

☐ I do not concur

e-approved by DMA Xavier on July XX, 2020

e-approved by DM Tapley on July XX, 2020

Caroline Xavier
Associate Deputy Minister

Catrina Tapley
Deputy Minister